

OVERSEAS TAXPAYERS CAN USE IRS FREE FILE TO PREPARE, E-FILE TAX RETURNS

Many U.S. citizens and resident aliens living outside the United States can use either "IRS Free File" or "Free File Fillable Forms" to prepare and electronically file their federal tax returns. IRS Free File is brand-name software that does the hard work for taxpayers. It's offered exclusively at www.irs.gov through a partnership with the tax software industry. "Free File Fillable Forms" allows you to complete the forms electronically and assists with math computations and procedural items. Both options are accessed via www.irs.gov/freefile

IRS Free File

To be eligible for IRS Free File taxpayers' adjusted gross income in 2010 must be \$58,000 or less. The Adjusted Gross Income is comprised of all income and adjustments except exemptions, standard or itemized deductions. It is located on the last line of the front page of form 1040. Some overseas taxpayers may exclude \$91,500 of their 2010 foreign earnings. However, income received from the US government, including payments for working at foreign embassies does not qualify for the exclusion.

To Use IRS Free File from the link above select "Pick a Free File Company." The following five companies in the free file program accept foreign addresses: Online Taxes, TaxSlayer, H&R Block, TaxAct, and eSmart. Taxpayers should review the list of tax forms supported by the company to ensure it meets their needs, especially Form 1116, Foreign Tax Credit, and/or Form 2555, Foreign Earned Income.

IRS Free File software generally asks questions, taxpayers supply the answers. The software completes the proper tax forms, does the math and allows for free electronic filing. By filing electronically, taxpayers due refunds and who have U.S. bank accounts can opt for direct deposit and receive their refunds in as few as 10 days.

Free File Fillable Forms

If your adjusted gross income is in excess of \$58,000 use the link above and select Free File Fillable Forms. This option does not use the question and answer format common to software packages but allows taxpayers to complete the tax forms electronically. If you have a US address you will be able to submit your tax return electronically for free. If have a foreign address you can use the fillable forms to create your return then print the forms and mail them to the Internal Revenue Service.